



Departmental Business Plan and Outlook

**Department Name: HOUSING FINANCE
AUTHORITY OF MIAMI DADE COUNTY**

**Fiscal Years:
2004 & 2005**

Departmental Business Plan and Outlook

Department Name:

Fiscal Years:

Plan Date:
December 12, 2003

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Goals:

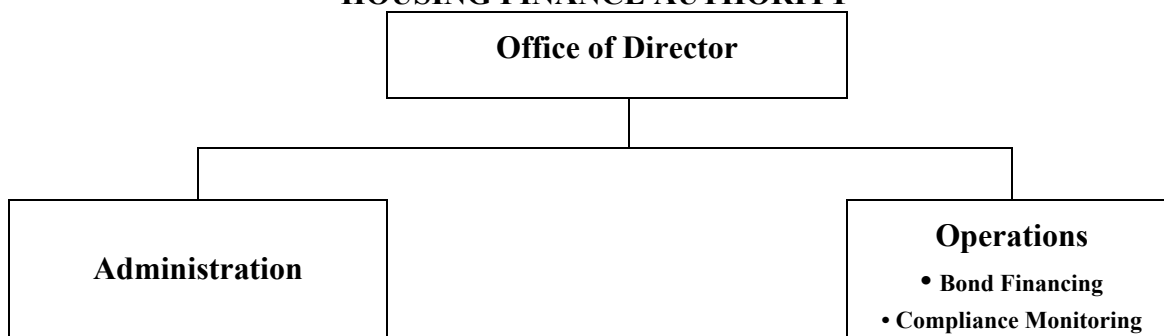
HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County

ED1: Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas.

EXECUTIVE SUMMARY

The HFA's purpose is to alleviate the shortage of affordable residential housing available to low and moderate-income families and individuals in Miami-Dade County.

TABLE OF ORGANIZATION HOUSING FINANCE AUTHORITY



- *The HFA's 2002-2003 Single Family program generated \$22 million dollars of mortgage financing and 139 out of a total of 300 projected new homeowners in Miami-Dade County. The program is available through December 2004*
- *The Multifamily program generated \$19.3 million for the development of 623 rental units in Miami-Dade County.*
- *HFA homebuyer club education programs serve 1,500 active members throughout the County including Miami-Dade County employees and public housing residents.*

PATRICIA JENNINGS BRAYNON

Department Director

INTRODUCTION

Department Purpose/Mission Statement *The Authority is empowered to alleviate the shortage of affordable residential housing available to low- and moderate-income families and individuals in Miami-Dade County. The Authority issues mortgage revenue bonds to provide capital for investment in affordable single and multifamily housing. The Housing Finance Authority's single-family and multifamily bond issues combined totaled over \$97,000,000 for fiscal year 2002-03. Over 100 families received mortgage financing to purchase their first home and over 600 rental units will be financed. The HFA will continue to blend available **SURTAX**, and **HOME** funds with bond proceeds to make home ownership affordable for low and moderate-income first-time homebuyers in Miami-Dade County. HOME funds are federal dollars obtained from the Office of Community and Economic Development. HOME funds are used as 0% second mortgage financing for HFA customers who meet established program guidelines. SURTAX funds are obtained from the Miami-Dade Housing Agency and used as 0% second mortgage financing. Both HOME and SURTAX funds are provided to qualified buyers at on a deferred basis and with program prescribed deed restrictions. The 2002 single-family bond issue was extended beyond December 2003 through December 2004 due to the current and short-term mortgage interest rates. A second phase of multifamily bond financing is planned for fiscal year 2004-05. A pilot anti-predatory lending education and marketing program will be initiated in partnership with the Community Action Agency and the Tax Collector's office. This initiative will be integrated into existing homebuyer club meetings in addition to marketing and education by each partner that targets elderly, disabled, and low-income homeowners.*

Department Description

ALLEVIATES THE SHORTAGE OF AFFORDABLE RESIDENTIAL HOUSING AVAILABLE TO LOW AND MODERATE INCOME FAMILIES AND INDIVIDUALS. ISSUES MORTGAGE REVENUE BONDS TO PROVIDE CAPITAL FOR INVESTMENT IN AFFORDABLE MULTIFAMILY AND SINGLE-FAMILY HOUSING.

Organization and Staffing Levels

Insert functional table of organization here showing reporting relationships; brief, bulleted descriptions of the major programs/functions performed by each area; as well as staffing and expenditures for the prior and current year for each year.

Housing Finance Authority

DIVISION STAFFING CHART

<u>02-03</u>		<u>03-04</u>
1	Director	1
1	Senior Executive Secretary	1
1	Special Projects Administrator I	1
2	Administrative Officer 2	2
1	Trust Account Manager	1
2	Administrative Officer 3	2
1	Assistant Administrator	1
	Clerk III	1
<hr/> 9		<hr/> 10

<u>02-03</u>	DIVISION TOTALS	<u>03-04</u>
9	Full-time Positions	10

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There were no major changes in programs or staffing levels during the prior fiscal year. In the current fiscal year one Clerk III position is being added to address the needs of Creole speaking customers and to support subsidy programs. No additional major changes in either area are anticipated for fiscal year 2004-05.

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Staffing Levels

FY __ Budget (Prior Year)		FY __ Budget (Current Year)	
887,337		927,000	
4,880,589		2,039,000	

Fiscal Environment**Revenues and Expenditures by Fund**

(All Dollars in Thousands)

	Prior Fiscal Year __ Actual	Current Fiscal Year __ Budget	Projection as of _____
Revenues			
MF Fees	1,261,381	3,080,000	
SF Fees	5,635,792	894,000	
Interest	1,230,413	1,000.00	
Miscellaneous	400,890	15,000	
Total	8,528,476	2,989,000	
Expense			
Personnel	887,337	927,000	
Operational	4,880,589	2,039,000	
Capital	25,830	23,000	
Total	5,793,756	2,989,000	

Equity in pooled cash (for proprietary funds only)

Fund/ Subfund	Prior FY _03_ Beginning Year Actual	Prior FY __ Year end Actual (Est.)	Current FY __ Year-end Budget
General Fund	835,915.94	836,137.13	836,137.13
Total			

Insert discussion of major funding sources, major variances in revenues and expenditures from prior years, and significant in-kind services here focused on performance impacts

FINANCIAL HIGHLIGHTS

- Interest income for the current year is below the budgeted amount due to market conditions. Interest income to date represents approximately 36% of the budgeted amount. Rates earned on investments remain below 2% for the fiscal year.
- During the current fiscal year, the Authority issued multifamily bonds totaling \$19,300,000 for three developments within the county. When completed, these developments will provide 623 rental units for qualified low- and moderate-income families. These bonds are not an obligation to the Authority since it is issued as conduit debt and therefore not recorded in the financial statements.
- In January, 2002, the Authority entered into a contract with the Office of Community and Economic Development to receive \$2 million in HOME funds to be used in conjunction with bond proceeds to provide affordable mortgages to individuals and families earning less than 65% of the median income for the county. The contract period runs from January 1 to December 31, 2002. An extension has been requested and received to extend the contract period through December 31, 2003.
- The Authority was loaned \$2 million in documentary surtax funds from the Miami-Dade Housing Agency to be pooled with \$2 million of 2002 bond proceeds to provide low interest rate loans for individuals or families that earn less than \$31,330 annually. The program ends on December 1, 2003.
- In September 2002, the Authority received seven (7) multifamily bond financing applications for a total amount of approximately \$76.583 million in bond proceeds. These applications are currently in the underwriting process and it is anticipated that those applications that are credit-approved will close late in the 2003 fiscal year.

- ◎ The Authority joined forces with several housing partners in the community to provide workshops for county employees who were interested in purchasing their first home. These workshops were provided at three locations within the county during two four-month periods to give employees flexibility to be able to attend the workshops. These workshops are scheduled for March, April, May and June 2003.
- ◎ The Authority initiated a program in fiscal year 2001, to assist low- and moderate-income individuals and families in saving money to purchase a home. The funds saved by the families are matched dollar-for-dollar up to a maximum of \$5,000 to be used towards the purchase of a home. Since its inception, 191 accounts have been opened of which 103 remain active. The program to date has disbursed approximately \$113,610 to 34 families that purchased their first home. Fifty-four accounts were closed due to non-interest by the accountholders.
- ◎ On October 11, 2001, the Board of County Commissioners approved a resolution authorizing a \$2 million surtax loan to the Authority for implementation of the Home Savers Program to provide emergency mortgage assistance loans to qualified homeowners impacted by the economic conditions resulting from the events of September 11, 2001. The \$2 million loans would be pooled with \$1 million of Authority funds. This approval also authorized payment of two of the \$1 million notes payable by the Miami-Dade Housing Agency. The program is being converted to an anti-predatory lending program under the direction of the BCC, with funding from the remaining funds of the Home savers program.

Business Environment

Market conditions are dictate the interest rate the HFA is able to obtain and lock-in during the bond issuance process. Because we are unable to increase or decrease the interest rate once bonds are issued, fluctuations in the market can impact both our ability to move available funds, and the amount of proceeds generated from each issuance. Ideally, when market-driven interest rates are higher than the HFA interest rate, bond proceeds are depleted within the timeframe built into each issue. When market-driven interest rates are equal to or lower than HFA interest rates, bond proceeds go unused and maybe extended, at a cost, for a period depending upon market forecasts and other factors. An HFA benefit is the provision of down payment assistance and the ongoing efforts of its not-for-profit housing Foundation which provides a source of customers as well as a source of mortgage industry partners. HFA mortgage financing is limited to first-time homebuyers, Miami-Dade County geographic limits, and owner occupation of the property. Therefore, HFA competitors include mortgage lenders in general, and lenders who target first-time homebuyers in particular.

Critical Success Factors

The greatest critical success factor is the relationship between the HFA bond issue and the established financial market. In order for the HFA to obtain a competitive interest rate that will remain competitive for a 12-month period, the HFA must obtain the lowest possible interest rate and significant down payment and other purchase access assistance possible. HFA advisors try to forecast and anticipate future market conditions as correctly as can be expected. Without favorable market conditions the HFA risks being laden with unattractive unmovable funds and an overall unfavorable financial dilemma.

Another critical factor is the availability of funding for second mortgages and down payment/closing costs assistance. These factors impact the HFA's ability to meet its goal of effecting 200 new homeowners in Miami-Dade County through its bond issue. The number of homeowners due to the HFA's education efforts is critical despite funding from other mortgage sources. Without control over neither the market price of homes nor the incomes of buyers, the HFA provides education and where applicable financial assistance to help buyers make the best possible choice for their family and financial situation.

Education is a critical success factor because people will surely purchase homes without HFA financing and without HFA sponsored education, but they will do so at greater risk of financial foreclosure and its side effects. Uninformed and uneducated homebuyers are much more susceptible to predatory lending. Qualifying for a mortgage does not guarantee long-term success as a homeowner. The market also impacts the HFA's competitors, other mortgage lenders. The commission-based structure of mortgage lending drives loan officers to close loans. That structure does not require counseling and education on the level that homebuyer education provides. The root of homebuyer education comes from the Federal government's concern that first-time homebuyers need information and counseling to help them make an informed decision about purchasing a house. Therefore federal dollars that are earmarked for housing require a minimum of 8 hours of homebuyer education.

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Future Outlook

Ideally, the HFA seeks a future where the availability of affordable housing is more equitably distributed between buyers and sellers. The success of the HFA's pilot anti-predatory lending education program would provide a tremendous boost to the quality of life of elderly, disabled, and low-income homeowners. The strength of the HFA's homebuyer clubs depends upon its education and partnership strategies. Both private industry and public entity partners contribute invaluable to the success of first-time homebuyers in Miami-Dade County. The degree to which the HFA is successful with first-time homebuyers impacts the future of the anti-predatory lending program. The creation of a viable post-purchase program could substantially impact the future efforts of predatory lenders throughout Miami-Dade County.

The Overtown neighborhood, Little Havana, Liberty City, and Hialeah are all well established homeownership communities that are vulnerable to predatory lending scams. The repayment of HFA's loan to the MDHA and continued access to HOME and other homeownership funding sources is critical to the continuation of HFA's education and counseling efforts. Individual and family incomes are far out-paced by housing and rental prices. Subsidies and savings incentives are cost effective in terms of the contribution that homeowners make to the County's tax roll, the long-term financial impact on homeownership traditionally has on family wealth, and the quality of life in ownership neighborhoods verses rental communities.

The HFA's 2004-05 forecast for new homeowners via the bond program estimates 100 home closings. The 2004-05 fiscal year rental program projects the creation of over 400 new rental units in Miami-Dade County. The homebuyers club is estimated to grow by 200 new active members during fiscal year 2004-05.

THE PLAN

Overview

Our FY 2003 – 04 business plan draws heavily on previously adopted work including the Miami-Dade County Strategic Plan. Miami-Dade County's Strategic Planning initiative is both a plan and a process. The plan provides a framework at a broad Countywide level where we want to go, how we get there, and how we measure our progress along the way. The process ensures increased communications at all levels of County government using consistent terms. These terms were incorporated in the document adopted by the Board.

- Our Countywide *Vision* communicates the community's shared vision for the best possible future for Miami-Dade County government.
- Our Countywide *Mission* statement communicates the role of our government. Miami-Dade County's mission statement is "Delivering excellent public services to address the community's needs and enhance our quality of life".
- Our *Guiding Principles* communicate to all levels of our organization the manner in which we expect all decisions, interactions and activities to be performed.
- Our *Strategic Themes* represent what we consider to be the most significant challenges and opportunities facing Miami-Dade County government.
- We have developed *Goals* across all County Departments. These goals provide the direction the County must move in to address the priority strategic themes and help guide us towards the desired future.
- For each goal we have defined a desired *Outcome* or set of outcomes that the County must achieve to be successful in accomplishing the goal. These outcomes are from the customer/community perspective (e.g. quality of service provided, customer satisfaction).
- For each outcome(s), implementing *Strategies* summarize at a broad countywide level the actions that will be taken to achieve the outcome(s).
- *Key Performance Indicators* are the measures that express the County's intentions from the Strategic Plan. Associated *Key Performance Objectives* assign measurable targets and timelines to the key performance indicators while the *Performance Measure* is the specific unit of measure. Departments may develop *Additional Performance Objectives*.
- *Department Activities, Tasks or Programs* are actions or groups of actions that will be undertaken by a particular department in a specific fiscal year in order to implement a strategy.

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As part of the County's Strategic Plan, the Board of County Commissioners endorsed nine priority strategic themes countywide. This Department is primarily supportive of the following strategic themes:

- *HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County*
- *ED1: Allocate County Government Resources in support of activities that increase and diversify jobs and incomes while eliminating socioeconomic disparities*

Supporting these themes are supporting goals and priority outcomes that directly relate to this department. These are provided along with the Department's Tasks, Activities, and Performance Measures for fiscal year 2004.

Department-related Strategic Plan Goals:

- *HH5:1 Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County*
- *ED1:3 Existing Strategic Plan Goal does not apply*

Department-related Strategic Plan Priority Outcomes:

- *HH5:1 Existing Strategic Plan Outcomes do not apply*
- *ED1:3 Increase number of low to moderate income homeowners*

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Department Name:

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Goal: ED1: NA					
Outcome /ED1-3: ED1-3: Increased number of low to moderate income homeowners (priority outcome)					
Strategies:					
<ul style="list-style-type: none">▪ Continue providing low interest loans, down payment and closing cost assistance to low and moderate income home buyers▪ Continue to provide low interest construction financing and incentives to developers of affordable housing▪ Continue partnerships with local lenders and intermediaries to facilitate homeownership opportunities for low and moderate income homebuyers and protect these buyers against predatory lending practices▪ Pursue additional revenue sources to fund the County's affordable housing programs					
Key Performance Indicator(s)/Objective(s) (From Strategic Plan):					
Attain 500 new loans to low and moderate income persons closed per year					
DEPARTMENT PERFORMANCE OBJECTIVE(S)					
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 02-03 ACTUAL	TARGETS			
		FY 03-04	FY 04-05		
PROVIDE AFFORDABLE MORTGAGE FINANCING FOR ELIGIBLE LOW AND MODERATE INCOME FAMILIES IN MIAMI-DADE COUNTY	130	100	100	TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
				1. Recommend best utilization of bond volume cap annually and coordinate SF bond issue with lender and buyer demand.	1. DIRECTOR
				2. Work with financial advisors to secure lowest cost funding and utilize bond financing structure with highest net present value of fees and residuals.	2. DIRECTOR
				3. Work with financial advisors to offer loans with lowest feasible interest rate and attractive down payment assistance.	3. DIRECTOR
				4. Coordinate financing and education efforts with lenders and developers of affordable SF housing.	4. SPAI
				5. Market housing programs using traditional and not-traditional outlets and methodologies.	5. SPAI/AO3
				6. Secure grants to help fund education, community outreach, and purchase assistance programs.	6. TRUST MG & AO2

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Goal: HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County

Outcome1-2: HH5-1: Increased availability of affordable and special needs housing (priority outcome)

Strategies:

Existing strategies do not apply.

Key Performance Indicator(s)/Objective(s) (From Strategic Plan):

- 10% increase in the number of affordable and special needs housing over the next 5 years

DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 03 ACTUAL	TARGETS			
		FY 04	FY 05		
FUND MULTIFAMILY DEVELOPMENTS IN MIAMI-DADE COUNTY THAT MEET HFA CRITERIA FOR QUALITY AND AFFORDABILITY	623	450	300	1. WORK WITH FINANCIAL ADVISORS TO SECURE VOLUME CAP FOR PRODUCTION AND REHAB OF AFFORDABLE RENTAL UNITS. 2. PERFORM 100% MONITORING OF EXISTING MULTIFAMILY PORTFOLIO. 3. SEEK TO MAXIMIZE LEVERAGING OF NEW MF VOLUME CAP. 4. SEEK INCENTIVES TO ENCOURAGE DEVELOPERS TO INVEST IN RENTAL HOUSING 5. COORDINATE EXAMINATION OF MF DESIGN PROPOSALS FOR ADHERENCE TO ARCHITECTURAL ADVISOR COMMITTEE QUALITY STANDARDS. 6. EDUCATE POTENTIAL MULTIFAMILY OWNERS AND DEVELOPERS ABOUT ADVANTAGES OF TAX-EXEMPT FINANCING AND TIMELY REFUNDING.	1. Director 2. AO3 & AO2 3. Director 4. Director 5. AO3 6. Director